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Supreme Court of the United States
OCTOBER TERM, 1995

SUNAMERICA CORPORATION

and

SUN LIFE INSURANCE COMPANY OF AMERICA,
Petitioners,

v.

SUN LIFE ASSURANCE COMPANY OF CANADA

and

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.),
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Eleventh Circuit

REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

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REPLY BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

I. SUNAMERICA'S PETITION FOR CERTIORARI IS RIPE.

The legal issue upon which Petitioners seek certiorari —whether a doctrine of "inevitable confusion" is applicable in trademark infringement cases—is an important question of federal trademark law which has been finally determined by the Eleventh Circuit Court of Appeals and will not be reconsidered by the District Court on remand. The Eleventh Circuit remanded the case only for the lim-

ited purpose of examining the remedy imposed by the District Court based on application of the inevitable confusion doctrine. Thus, SunAmerica's Petition for Writ of Certiorari ("Cert. Pet.") is ripe for consideration and is not premature. *See National City Bank of New York v. Republic of China*, 348 U.S. 356, 358 (1955) (Court granted certiorari on non-final judgment on grounds that "[t]he District Court's judgment, as affirmed by the Court of Appeals, terminated a separate and distinct segment of the litigation").

"[T]he power of [the Supreme Court] in certiorari extends to every case pending in the circuit courts of appeal, and may be exercised at any time during such pendency . . . ." *Forsyth v. City of Hammond*, 166 U.S. 506, 514 (1897). The "requirement of finality is to be given a 'practical rather than a technical construction.' " *Gillespie v. United States Steel Corporation*, 379 U.S. 148, 152 (1964) (citations omitted). SunAmerica does not dispute that in certain cases the Supreme Court has exercised its discretion to deny certiorari on the basis that there would be further proceedings in the District Court. However, in many cases the Court has *granted* certiorari after a court of appeals has disposed of an appeal on terms that require further action in the district court, so that there is no longer any final judgment. *See, e.g., School Board of Nassau County v. Arline*, 480 U.S. 273, 277 (1987) (court granted certiorari despite court of appeals' reversal and remand "for further findings as to whether the risks of infection precluded Mrs. Arline from being 'otherwise qualified' for her job" under the Rehabilitation Act); *Town of Newton v. Rumery*, 480 U.S. 386, 391-92 (1987) (court granted certiorari despite court of appeals' remand resulting from reversal of district court's holding that agreement waiving 1983 claims was enforceable); *Abbott Laboratories v. Portland Retail Druggists Association, Inc.*, 425 U.S. 1, 5-6 (1976) (certiorari was granted even though court of appeals

vacated district court's construction of the Nonprofit Institutions Act and remanded).

There is no reason to deny certiorari on prematurity grounds in the present case, in which the Eleventh Circuit has made a final ruling on the legal issue upon which SunAmerica seeks certiorari. In fact, the guidance that could be provided by the Supreme Court on this issue would be of critical help *before* the District Court considers the remanded remedy issue, particularly in view of the fact that this case already has made two visits to the Eleventh Circuit.

II. SUN LIFE OF CANADA'S POLICY ARGUMENTS AS TO THE APPROPRIATENESS OF THE JUDICIALLY-INVENTED INEVITABLE CONFUSION DOCTRINE SHOULD BE MADE TO CONGRESS, NOT THE COURTS.

Sun Life of Canada admits that the inevitable confusion doctrine is a "judicially-invented principle" which is not contained in the Lanham Act and which creates an exception to the laches and acquiescence defense specifically recognized by the Lanham Act. Respondent's Brief ("Resp. Br.") 13. Nevertheless, Sun Life of Canada argues that this doctrine should be recognized because it furthers the public interest. Resp. Br. 11.

SunAmerica agrees that the Lanham Act requires protection of the public interest. However, the Act is also intended to provide protection to the rights of trademark owners. *See* S. Rep. No. 1333, 79th Cong., 2d Sess., at 3, *reprinted in* 1946 U.S. Code Cong. Serv. 1274 ("[t]he purpose underlying any trade-mark statute is twofold. One is to protect the public . . . . Secondly, where the owner of a trade-mark has spent energy, time and money in presenting to the public the product, he is protected in his investment . . . . This is the well-established rule of law protecting both the public and the trademark owner"). Sun Life of Canada's policy arguments as to the appro-

priateness of the inevitable confusion doctrine are contrary to the intent of the 1988 amendments adding the equitable defenses of laches and acquiescence to the Lanham Act, as expressed in the legislative history of the amendment. *See* Cert. Pet. 10-11.

Furthermore, the inevitable confusion doctrine is bad policy that will *harm* the public interest, *see* Cert. Pet. 19-20, and is *not* necessary to protect the public from unacceptable levels of confusion that might exist after laches or acquiescence. Instead, courts faced with this situation can utilize their broad equitable powers to craft appropriate injunctive relief that will serve the dual purposes of the Lanham Act, by reducing levels of public confusion while still preserving trademark owners' rights to make continued use of their respective marks in some fashion. *See James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976) ("When equitable considerations impel the continuation of otherwise confusing trademark uses, courts will fashion appropriate relief, often requiring notices designed to limit or defeat confusion of the public"); *see also* cases cited at Cert. Pet. 19.[1]

In sum, Sun Life of Canada's policy arguments in support of the inevitable confusion doctrine should be made to Congress, not the courts. Congress is the governmental branch assigned responsibility under the United States Constitution for deciding policy debates as to the laws that will best serve the public interest. It is inappropriate for a federal court to judicially legislate the doctrine of

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[1] Sun Life of Canada's Brief misleadingly implies that there was a 69 percent confusion level existing in the present case. Resp. Br. 13. In fact, a review of the portion of the District Court order to which Sun Life of Canada cites reveals that the 69 percent confusion level applied only to one subgroup of surveyed Sun Life of Canada brokers, and that the overall core level of confusion among Sun Life of Canada brokers averaged only about ten percent. Appendix to Cert. Pet. 72a-73a.

inevitable confusion, particularly in the face of Congress' 1988 Lanham Act amendments that added equitable defenses without mention of such a concept.

III. THE "INEVITABLE CONFUSION" DOCTRINE DID NOT EXIST IN COMMON LAW TRADEMARK INFRINGEMENT CASES; IT WAS CREATED BY THE ELEVENTH CIRCUIT IN THE *COACH HOUSE* AND *SUNAMERICA* OPINIONS.

Courts have, on occasion, made statements to the effect that delay will not ordinarily prevent an injunction in a trademark infringement case where there is clear proof of infringement. *See* Resp. Br. 7-8. However, the Supreme Court itself has limited this principle to cases, unlike the present case, where there is "conscious infringement or fraudulent imitation" of another's mark. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 102 (1919); *see also Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 419 (1916) ("[a]s to laches and acquiescence, it has been repeatedly held, in cases *where defendants acted fraudulently or with knowledge of plaintiffs' rights*, that relief by injunction would be accorded although an accounting of profits should be denied") (emphasis added); cases cited at Cert. Pet. 17.

Each of the cases relied upon by Sun Life of Canada, Resp. Br. 7-8, either involved intentional copying or bad faith infringement, *Menendez v. Holt*, 128 U.S. 514, 523-24 (1888) ("[t]he intentional use of another's trademark is a fraud"); *McLean v. Fleming*, 96 U.S. 245, 255-56 (1878) (respondent's labels and packaging "were calculated to deceive purchasers" and "to mislead and deceive the unwary") *A.E. Staley Mfg. Co. v. Staley Milling Co.*, 253 F.2d 269, 275 (7th Cir.), *cert. denied*, 357 U.S. 926 (1958) ("[d]efendant's infringement of plaintiff's trademark rights was intentional, progressive and wrongful"), *cert. denied*, 357 U.S. 926 (1958), and/or did not involve laches or acquiescence at all. *Staley*,

253 F.2d at 273 ("[i]t does not appear that plaintiff knew of or acquiesced in any of these changes [to the defendant's mark]"); *American Auto Association v. AAA Insurance Agency, Inc.*, 618 F. Supp. 787, 796 (W.D. Tex. 1985) ("the defenses of laches and acquiescence fail on the merits"); *United States Jaycees v. San Francisco Junior Chamber of Commerce*, 354 F. Supp. 61, 73 (N.D. Cal. 1972), *aff'd*, 513 F.2d 1226 (1975) ("plaintiffs commenced this action within only a few months of defendant SFJCC's most recent disaffiliation" from the plaintiffs' national organization which resulted in infringement of plaintiffs' mark). As such, they have no applicability to the present case, in which SunAmerica adopted and used its SUN LIFE OF AMERICA mark in good faith for over seventy years with the express acquiescence of Sun Life of Canada. Pet. App. 82a, 86a-90a.[2]

Sun Life of Canada misleadingly quotes only part of a sentence from Professor McCarthy's treatise, for the proposition that a "strong showing of a likelihood of confusion can trump even a proven case of acquiescence by the senior user to the junior user's usage . . . ." Resp. Br. 8. The omitted portion of that sentence is a quote from the sole authority cited by McCarthy in support of this proposition—the infamous case of *Coach House Restaurant, Inc. v. Coach and Six Restaurants, Inc.*, 934 F.2d 1551 (11th Cir. 1991), which first led the Eleventh Circuit astray. As Sun Life of Canada's own citations demonstrate, it was not until the Eleventh Circuit's decision in *Coach House* that a court in an infringement action elevated random judicial comments to the level of a "doctrine" to be applied regardless of the fraud or bad faith of the junior

[2] Sun Life of Canada also relies upon an out-of-context quotation from a SunAmerica brief filed in connection with the first appeal of this case in 1991. This brief addressed a different issue—Sun Life of Canada's intentional adoption and use since 1983 of an abbreviated SUN LIFE (U.S.) mark to which SunAmerica objected within the first year of use and did not acquiesce, *see* Pet. App. 27a-28a—and did not advocate a doctrine of inevitable confusion.

user and regardless of other factual or equitable circumstances.[3]

Without question, the Eleventh Circuit's decisions in *Coach House* and in *SunAmerica Corp. v. Sun Life Assurance Company of Canada*, 77 F.3d 1325 (11th Cir. 1996), have created a new doctrine for infringement cases. This inevitable confusion doctrine has its own set of rules, created and promulgated by the Eleventh Circuit, to govern its application. The Eleventh Circuit has legislatively declared: (1) the existence of a new, ill-defined, "super-confusion" standard to determine when "inevitable confusion" exists, *SunAmerica*, 77 F.3d at 1334 n.3; *Coach House*, 934 F.2d at 1564; (2) the effect of inevitable confusion—automatic revival of a senior user's claims from the estoppel generally resulting from laches or acquiescence, regardless of the good or bad faith of the junior user or other factual or equitable circumstances, *SunAmerica*, 77 F.3d at 1335; and (3) standards to determine the fashioning of equitable relief to remedy "inevitable" confusion, including the potential availability of a complete and unilateral injunction against use of a name and mark in which the junior user had developed tremendous goodwill through decades of good faith use with the express acquiescence of the senior user. *SunAmerica*, 77

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[3] It is telling that the only precedent relied upon by the *Coach House* panel for adoption of this doctrine was a Trademark Trial and Appeal Board ("TTAB") decision involving the right to *register* a mark, *Iodent Chemical Co. v. Dart Drug Corp.*, 207 U.S.P.Q. (BNA) 602 (T.T.A.B. 1980), which incorrectly stated that such a doctrine had been previously applied in civil infringement actions. *See* Cert. Pet. 16-17. In fact, at least one judge on the Court of Custom and Patent Appeals (the predecessor to the Federal Circuit) expressly recognized that the TTAB's application of an inevitable confusion doctrine would lead to the result "that a party may prevent the registration of a mark the *use of which it cannot prevent*, whether *by reason of* litigated judgment, consent decree, or, as here, *acquiescence*".) *Ultra-White Co. v. Johnson Chemical Industries, Inc.*, 465 F.2d 891, 894-95 (C.C.P.A. 1972) (Rich, C.J., dissenting) (citations omitted) (emphasis added).

F.3d at 1335-38. These are rules, standards and procedures that significantly modify the Lanham Act, and that must be imposed by Congress and not by the courts.

CONCLUSION

For the reasons set forth herein and in SunAmerica's Petition for Writ of Certiorari, Petitioners SunAmerica Corporation and Sun Life Insurance Company of America respectfully request that the Supreme Court grant certiorari in this case.

Respectfully submitted,

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